

July 11, 2005

James Leonard
Chairman, Committee for the Implementation of Textile Agreements
Room H3100
U.S. Department of Commerce
14th and Constitution Ave, NW
Washington, DC 20230

Dear Mr. Leonard:

The American Manufacturing Trade Action Coalition (AMTAC), National Council of Textile Organizations (NCTO), National Textile Association (NTA), and UNITE HERE! request that the Committee for the Implementation of Textile Agreements (CITA) take the necessary actions to impose a safeguard on U.S. imports from China of cotton and man-made fiber skirts classified within Category 342/642 of the U.S. Textile and Apparel Category System. This request is made pursuant to the guidelines issued by CITA (68 F.R. 27788, May 21, 2003).

The parties submitting this request are trade associations and unions which are representative of either domestic producers of products like or directly competitive with cotton and man-made fiber skirts in Category 342/642 or of domestic producers of component parts used in the production of products that are like or directly competitive with the those contained in Category 342/642.

For your background information, descriptions of each organization are as follows:

AMTAC is a not-for-profit manufacturing trade association established for the purpose of preserving and creating American manufacturing jobs through the establishment of trade policy and other measures necessary for the U.S. manufacturing sector to stabilize and grow. Its members are involved in a wide variety of manufacturing, including textiles, throughout the United States. AMTAC's office is in Washington, D.C.
www.amtacdc.org

NCTO is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers of textile machinery, chemicals and other such sectors, which have a stake in the prosperity and survival of the U.S. textile sector. Its headquarters are in Washington, D.C., and it also maintains an office in Gastonia, NC. www.ncto.org

NTA is a not-for-profit trade association of companies who knit or weave fabrics in the United States, dye, print or otherwise finish fabrics in the United States, or supply fibers, yarns, or other services to the American textile industry. NTA's office is in Boston, MA.
www.nationaltextile.org

UNITE HERE! was formed by a merger in 2004 of UNITE (formerly the Union of Needletrades, Textiles and Industrial Employees) and HERE (Hotel Employees and Restaurant Employees International Union). The union, UNITE HERE, represents more than 440,000 active members and more than 400,000 retirees throughout North America. UNITE HERE's headquarters are in New York, NY. www.unitehere.org

It is the strong view of the petitioners that the surge in the 1st Quarter 2005 imports from China of cotton and man-made fiber skirts, compounded with the long-term decline in U.S. production of these products, constitutes marked disruption under § 11.242 of the Report of the Working Party on the Accession of China to the World Trade Organization (WTO). According to data provided for in the I/P Book published by the Office of Textiles and Apparel, International Trade Administration, U.S. Department of Commerce (OTEXA), the long-term decline in domestic production and the steady downward trend in the domestic market share, correlates directly to the import rise in these products.

In recent years, U.S. apparel production has declined in virtually all of the major cotton and man-made fiber categories. The Petitioners assert that this decline has been the direct result of increasing imports, far surpassing the growth of the U.S. market for these products. With the January 1, 2005 removal of quotas on all WTO members, imports are rising across the board. The recent import surge from China represents an alarming snapshot of what is to come.

CITA knows well the circumstances following the integration of certain categories on January 1, 2002, in which China registered enormous increases and quickly moved to dominate trade. A similar pattern of domination can be seen by tracking China's rise from tenth largest supplier of this product category in 2004 to the number one supplier for the first half of 2005. Their new posture is also reflected in the sharp rise in imports of this product category, which registered an increase of 879.1 percent in the first six months of 2005.

A closer look at the data show that China was the tenth largest supplier of the subject products behind Cambodia, India, Mexico, Guatemala, Sri Lanka, Philippines, Hong Kong, Thailand, and Indonesia with a 3.7 percent share of the U.S. import market for calendar year 2004. In January 2005, Chinese market share rose to 13.2 percent, as China soared into the position of largest supplier to the U.S. market. China has continued to increase its share and now holds 23.9 percent of the U.S. import market for the first 6 months of 2005, the latest data available. The second largest supplier is India, with a 16.4 percent share.

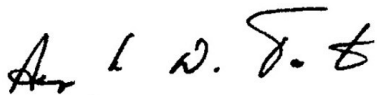
Precipitous price reductions, corresponding to the removal of quota and the corresponding quota costs, are likely a major reason for the sudden surge of Chinese imports. A review of the most recent price data available indicates that China's January – April 2005 prices for cotton and man-made fiber skirts averaged \$61.75/dozen. This average unit value is 50.8 percent below the price for the same period in 2004 of \$125.55/dozen and 51.7 percent below the calendar year 2004 average price of

\$127.80/dozen. China's surging imports, their rise in market dominance and their sharp price reductions, follow the pattern China established in 2002 with the removal of certain items from quota. In those categories integrated in 2002, China dropped its prices by an average of 58 percent.

In sum, surging low-priced imports from China and declining U.S. domestic production in Category 342/642 are an indication of disruption of the U.S. market. Safeguard language in the U.S./China Protocol of Accession is based on similar language in the Multi-Fiber Agreement (MFA) and the WTO's Agreement on Textiles and Clothing (ATC). Both of those international agreements provide for immediate action in the event of highly unusual and critical circumstances. We believe that current circumstances are such that prompt action is necessary, irrespective of the timelines in the CITA procedures.

Thank you for your consideration of this important matter.

Sincerely,



Auggie Tantillo
Executive Director
AMTAC



Cass Johnson
President
NCTO



Karl Spilhaus
President
NTA



Bruce Raynor
General President
UNITE HERE

Table 1: U.S. Production, Imports, and Domestic Market Share for Cotton and Man-Made Fiber Skirts (Category 342/642) 1999-2004
(Market Share values calculated as a percentage of U.S. Production plus U.S. Imports.)

Time Period	U.S. Production (Thousand Dozen)	U.S. Imports	U.S. Imports from China	U.S. Domestic Market Share (Percent)	Import Market Share (Percent)	China Market Share (Percent)
1999	5,936	12,804	724	31.68	68.32	3.9
2000	5,900	14,845	557	28.44	71.56	2.7
2001	4,687	13,930	677	25.18	74.82	3.6
2002	4,011	15,978	837	20.07	79.93	4.2
2003	3,420	17,921	659	16.03	83.97	3.1
2004	3,453	20,744	775	14.27	85.73	3.2

Source: U.S. Imports, Production, Markets, Import Production Ratios and Domestic Market Shares for Textile and Apparel Product Categories (OTEXA/ITA/U.S. Department of Commerce)

Table 2: U.S. Imports of Cotton and Man-Made Fiber Skirts (Category 342/642) 1999-2004, YE March 2004 and 2005, YTD March 2004 and 2005, YE April 2004 and 2005, YTD April 2004 and 2005, YE June 2004 and 2005(p), and YTD June 2004 and 2005(p) from the World and China: Quantity (Dozen), Percent Change, and China's Percent Share of Total U.S. Imports

Time Period	U.S. Imports-Category 342/642 from:				
	World: Quantity (Doz.)	% Change	China: Quantity (Doz.)	% Change	% Share
1999	12,803,775	--	724,288	--	5.7
2000	14,845,205	15.9	556,937	-23.1	3.8
2001	13,930,437	-6.2	677,260	21.6	4.9
2002	15,977,641	14.7	837,019	23.6	5.2
2003	17,920,122	12.2	659,324	-21.2	3.7
2004	20,744,050	15.8	774,830	17.5	3.7
YE 3/04	19,234,481	--	735,135	--	3.8
YE 3/05	23,049,972	19.8	2,283,011	210.6	9.9
1 st Qtr/04	6,919,710	--	225,859	--	3.3
1 st Qtr/05	9,225,632	33.3	1,734,040	667.8	18.8
YE 4/04	19,690,708	--	761,608	--	3.9
YE 4/05	23,577,989	19.7	2,865,290	276.2	12.2
YTD 4/04	9,116,149	--	299,690	--	3.3
YTD 4/05	11,950,088	31.1	2,390,150	697.5	20.0
YE 6/04	20,315,938	--	784,615	--	3.9
YE 6/05(p)	24,894,285	22.5	4,518,230	475.9	18.2
YTD 6/04	13,265,651	--	425,840	--	3.2
YTD 6/05 (p)	17,415,886	31.3	4,169,240	879.1	23.9